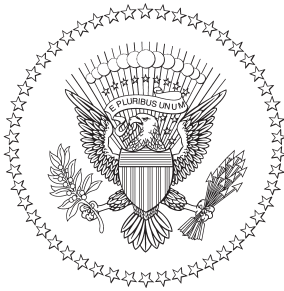


ECONOMIC
REPORT
OF THE
PRESIDENT



TRANSMITTED TO THE CONGRESS
FEBRUARY 2015

TOGETHER WITH
THE ANNUAL REPORT
OF THE
COUNCIL OF ECONOMIC ADVISERS



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ECONOMIC REPORT
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ECONOMIC REPORT OF THE PRESIDENT

TO THE CONGRESS OF THE UNITED STATES:

As I send you this *Economic Report of the President*, the United States has just concluded a breakthrough year. In 2014, our economy added jobs at the fastest pace since the 1990s. The unemployment rate plunged to its lowest point in over 6 years, far faster than economists predicted. Ten million Americans gained the security of health coverage. And we continued to cut our dependence on foreign oil and invest in renewable energy, making us number one in the world in oil, gas, and wind power.

These achievements took place against a backdrop of longer-term economic strength. Since the crisis, we've seen our deficits cut by two-thirds, our stock market double, and health care inflation at its lowest rate in 50 years. The housing market is rebounding. Manufacturers are adding jobs. More Americans are finishing college than ever before.

Now America is poised for another good year, as long as Washington works to keep this progress going. But even as the economic recovery is touching more lives, we need to do more to restore the link between hard work and opportunity for every American. That's the idea behind middle-class economics—the simple fact that our country does best when everyone has a fair shot, does their fair share, and plays by the same set of rules.

Over the course of this year, I will continue to put forward ideas to make that fundamental value a reality—not just so that more Americans can share in their country's success, but so that more Americans can contribute to their country's success. At this moment when our economy is growing and creating jobs, we've got to work twice as hard, especially

in Washington, to build on our momentum. And I will not let politics or partisanship roll back the progress we've achieved on so many fronts.

I want to work with the Congress to invest in middle-class economics in three key ways.

First, let's help working families achieve greater security in a world of constant change. That means giving Americans the peace of mind that comes with knowing they'll be able to afford childcare, college, health care, a home, and retirement.

At a time when having both parents work is an economic necessity for many families, high-quality, affordable childcare isn't a nice-to-have—it's a must-have. That's why I've proposed tripling the maximum child tax credit to \$3,000 per child per year, and creating more slots in childcare programs nationwide.

Meanwhile, we're the only advanced country in the world that doesn't guarantee workers either paid sick leave or paid maternity leave. Let's help more States adopt paid leave laws and put it to a vote in Washington too, because no parent should ever have to choose between earning a paycheck and taking care of a sick child.

Of course, nothing helps families make ends meet like raising wages. We still need to pass a law that guarantees women equal pay for equal work. We still need to make sure employees get the overtime they've earned. We still have a minimum wage of \$7.25 per hour. That means minimum-wage workers are actually earning 20 percent less than they were when President Reagan was in office. It's time to give some of America's hardest-working people a raise, because wages of \$14,500 a year are simply not enough to support a family.

In a 21st century economy, we should lower taxes on working families and make mortgage premiums more affordable, so responsible families can own their own homes. And we should strengthen programs like Social Security, Medicare, and Medicaid that help workers save for retirement and protect them from the harshest adversities. These ideas will make a meaningful difference in the lives of millions of Americans, and I look forward to working with the Congress to get them done.

Second, middle-class economics means helping more Americans upgrade their skills so that they can earn higher wages down the road.

By the end of the decade, two in three jobs will require some higher education. Yet far too many young people are priced out of college. That can't stand in the 21st century, and that's why my Administration has

announced a bold new plan to offer 2 free years of community college to responsible students. Let's work together to make college as free and universal as high school, because a modern economy requires a highly educated workforce.

While we strengthen the higher education system, my Administration is working to update our job training system and connect community colleges with local employers to train workers directly for existing, high-paying jobs. And I've encouraged more companies to offer educational benefits and paid apprenticeships so more workers have a chance to earn a higher-paying job even if they don't have a higher education.

Finally, as we better train our workers, we need to ensure that our economy keeps creating high-skilled, high-wage jobs for our workers to fill. That means building the most competitive economy anywhere, so that more businesses locate and hire in the United States.

Let's start by making sure that our businesses have 21st century infrastructure—modern ports, stronger bridges, better roads, clean water, clean energy, faster trains, and the fastest internet. A bipartisan infrastructure plan would create thousands of middle-class jobs and support economic growth for decades to come.

Investments in science, technology, and research and development can fuel new inventions and breakthroughs that will keep American businesses one step ahead of the competition. And protecting a free and open internet, and extending its reach to every classroom and community in America, will ensure that the next generation of digital innovators and entrepreneurs have the platform to keep reshaping our world.

At a time when 95 percent of the world's consumers live outside our borders, new trade agreements would help American businesses reach new markets and put stronger environmental and labor standards in place, to ensure that all countries are playing by the same, fair set of rules. The trade deals that my Administration is negotiating in the Atlantic and the Pacific regions would do just that.

And to make our economy more competitive, let's build a tax code that truly helps middle-class families get ahead. Let's reform our business tax system to close wasteful loopholes, lower the rate, and simplify the system so small business owners spend less time on accounting and more time running their businesses. And let's reform our broken immigration system, so the United States continues to be the number one destination for highly-skilled immigrants.

Over the past 6 years, America has risen from recession freer to write our own future than any other nation on Earth. A new foundation is laid. A new future is ready to be written. It's up to all of us—Democrats, Republicans, and Independents—to write it together.

A handwritten signature in black ink, appearing to read "Barack Obama", with a large circular flourish and a horizontal line extending to the right.

THE WHITE HOUSE

FEBRUARY 2015



THE ANNUAL REPORT
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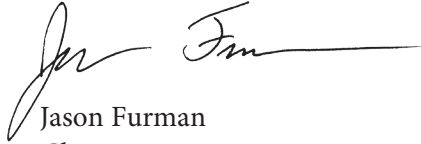
LETTER OF TRANSMITTAL

COUNCIL OF ECONOMIC ADVISERS
Washington, D.C., February 19, 2015

MR. PRESIDENT:

The Council of Economic Advisers herewith submits its 2015 Annual Report in accordance of the Employment Act of 1946 as amended by the Full Employment and Balanced Growth Act of 1978.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Jason Furman', with a long horizontal flourish extending to the right.

Jason Furman
Chairman

A handwritten signature in black ink, appearing to read 'Betsey Stevenson', with a long horizontal flourish extending to the right.

Betsey Stevenson
Member

A handwritten signature in black ink, appearing to read 'Maurice Obstfeld', with a long horizontal flourish extending to the right.

Maurice Obstfeld
Member